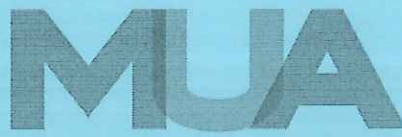


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**POSTGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**LSO 503: STRATEGIC PROCUREMENT**

**DATE: 1<sup>ST</sup> AUGUST 2018**

**DURATION: 3 HOURS**

**MAXIMUM MARKS: 60**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

**BROOKE LTD**

Brooke Ltd, a vegetable and dairy products company based in Nairobi is seriously considering opening a subsidiary company in the upper region of Tanzania. With the opening up of the region to cross-border trade the company intends to seize the opportunity before its competitors do so.

Sale of fresh milk and vegetables is an attractive opportunity because it offers opportunity for many Tanzanians across the border to get fresh Kenyan products. However, the company is not quite sure of the purchasing power and habits of the new customers. There is also fear that transport costs could be particularly high compounded by lack of cold storage infrastructure and distribution channels. The company intends to send an investigation team to establish facts.

One senior director, however, has not been impressed with this new move that seems to excite young managers. Mr. Mwaniki feels that the company's capital base of slightly over Ksh. 100 million should not be spread thinly over many activities. He thinks that they should first of all consolidate their gains in Kenya before crossing the border. To him the experience of Uchumi Super Markets should be an eye opener.

Recently, another voice of reservation seemed to join him. The procurement and logistics manager was of the opinion that dairy and vegetables supplies to Tanzania may not sustain the operations and capital outlay. He further was not quite sure of the quality levels. To him these were very important questions that should not be glossed over. A meeting has been convened in two weeks time to sort out these teething issues.



### **Required**

- a) Explain any four supply chain and logistics issues in the above case that Brooke Dairy and Vegetable Products Ltd needs to consider before opening branches in Tanzania. (12 marks)
- b) Two points of view tend to emerge in the above case. Briefly outline major arguments of each group and suggest an appropriate solution. (8 marks)
- c) With reference to the case explain the strategic procurement issues to be addressed in the case study. (10 marks)

### **QUESTION TWO**

- a) Strategic sourcing is about understanding the markets you're purchasing from inside and outside the firm, and learning from your own organization and your suppliers. Organizational process, working as a mediator between suppliers and your organization, and capturing information and using it to improve relationships. Discuss. (10 marks)
- b) When a group or network of firms collaborates in a partnership alliance fashion collaboration sometimes referred to as a strategic network, virtual corporation, or extended enterprise. Explain (5 marks)

### **QUESTION THREE**

Outsourcing has become a way to increase an organisations flexibility to meet rapidly changing market conditions, focus on core competencies and develop competitive advantage. As a result, the need for it has intensified and positioned supply managers as agents of strategic change critical to supply chain success. Discuss using appropriate industry/ organisational or sector related examples. (15 marks)

**QUESTION FOUR**

- a) Discuss supply chain related metrics that influence performance in a named Organisation/industry or sector. (8 marks)
- b) Using a specific industry/ organisation or sector, discuss the impact of uncertainty in supply network design. (7 marks)